

AGENDA



Thursday, April 30, 2009

**Austin Energy
RECOMMENDATION FOR COUNCIL ACTION****Item No. 3**

Subject: Approve an ordinance amending the Fiscal Year 2008-2009 Austin Energy Capital Budget of Ordinance No. 20080908-003 to increase appropriations by \$22,000,000 and amending the Fiscal Year 2008-2009 Austin Energy Operating Budget of Ordinance No. 20080908-002 by increasing the Transfer to Electric Capital Improvement Program by \$22,000,000 and by decreasing the Austin Energy Ending Balance by \$22,000,000 to provide additional funding for a new Customer Billing System.

Amount and Source of Funding: Funding is available from the ending balance of the Austin Energy Operating Fund.

Fiscal Note: A fiscal note is attached.

For More Information: Elaine Hart, CPA, Austin Energy Sr. Vice President Finance & Corporate Services, 322-6558; David Orr, Project Manager, 322-6040.

Boards and Commission Action: Recommended by the Electric Utility Commission. Related to Item #20.

Prior Council Action: September 8, 2008 - Council Approved Budget Ordinances 20080908-002 and 20080908-003.

This budget amendment is requested in order to provide additional appropriations and a related funding source for replacement for the Customer Billing System (CIS).

Appropriation – Austin Energy is seeking authorization to amend the Fiscal Year 2008-2009 Austin Energy Capital Budget of Ordinance No. 20080908-003 by increasing appropriations by \$22,000,000 for replacement of the Customer Billing System (CIS). This budget amendment is related to another Council agenda item that requests authorization to negotiate and execute a contract to provide software, billing and related services for the City's utilities.

Customer Billing System – referred to as the Customer Information System (CIS) provides the City with a single service to generate utility bills for customers of the City's utilities (including Austin Energy, Austin Water Utility, Solid Waste Services, Public Works and the Watershed Protection and Development Review Department). The current system, installed in 1999, is nearing the end of its useful technological lifecycle.

Funding Source for the Appropriation - Austin Energy is also seeking authorization to amend the Fiscal Year 2008-2009 Austin Energy Operating Budget of Ordinance No. 20080908-002 by increasing the Transfer to Electric Capital Improvement Program by \$22,000,000 and by decreasing the Austin Energy Ending Balance by \$22,000,000 to provide additional funding for the Customer Billing System.

AE is seeking authorization to use a portion of the Austin Energy Operating Fund ending fund balance as a funding resource. Austin Energy has experienced positive operating results in prior years due to revenues higher than estimated and lower than anticipated operating expenditures, thus resulting in a higher than expected ending balance.

Although Austin Energy's current year revenues may experience a decline due to current economic conditions, revenue through January 2009 is on target with budget. Austin Energy estimates revenue based upon normalized weather, thus there is no anticipated revenue for extreme weather (cold or hot).

The Customer Billing System project is an important multi-year project with many benefits and one that Austin Energy can move forward on with this additional appropriation and funding.